

APPLEMENT TO PROJECT ANALYSIS

U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
OFFICE OF HOUSING

SECTION/TITLE: 232/223(f)

PROCESSING STAGE: Firm

PUBLIC REPORTING BURDEN FOR THIS PROJECT ANALYSIS IS ESTIMATED TO AVERAGE 16 HOURS PER RESPONSE, INCLUDING THE TIME FOR REVIEWING INSTRUCTIONS, SEARCHING EXISTING DATA SOURCES, GATHERING AND MAINTAINING THE DATA NEEDED, AND COMPLETING AND REVIEWING THE COLLECTION OF INFORMATION. SEND COMMENTS REGARDING THIS BURDEN ESTIMATE OR ANY OTHER ASPECT OF THIS COLLECTION OF INFORMATION, INCLUDING SUGGESTIONS FOR REDUCING THIS BURDEN, TO THE REPORTS MANAGEMENT OFFICER, OFFICE OF INFORMATION POLICIES AND SYSTEMS, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, WASHINGTON, D.C. 20410-3600 AND TO THE OFFICE OF MANAGEMENT AND BUDGET, PAPERWORK REDUCTION PROJECT (2502-0331), WASHINGTON, D.C. 20503.

DON'T SEND THIS COMPLETED FORM TO EITHER OF THESE ADDRESSES.

NAME OF MORTGAGOR: LINREAL CORPORATION

PROJECT NUMBER:

PROJECT NAME: BRYLIN HOSPITALS

LOCATION: 1263 DELAWARE AVE, BUFFALO, NY & 11438 GENESEE STREET, ALDEN

TYPE OF BORROWER:

<input checked="" type="checkbox"/> Private	<input checked="" type="checkbox"/> Profit	<input type="checkbox"/> Public	<input type="checkbox"/> Non-Profit	<input type="checkbox"/> Instrumentality, etc.
<input type="checkbox"/> Management Group	<input type="checkbox"/> Sales Coop.	<input type="checkbox"/> Investor-Sponsor	<input type="checkbox"/> Builder/Seller	<input type="checkbox"/> Limited Distribution

TYPE OF PROJECT:

<input type="checkbox"/> RENTAL HOUSING	<input checked="" type="checkbox"/> SPECIALIZED USE FACILITY	<input type="checkbox"/> -NEW CONSTRUCTION	<input type="checkbox"/> NON-ELEVATOR
<input type="checkbox"/> -COOPERATIVE	<input type="checkbox"/> -INTERMEDIATE CARE FACILITY	<input type="checkbox"/> -REHABILITATION	<input type="checkbox"/> ELEVATOR
<input type="checkbox"/> -CONDOMINIUM	<input type="checkbox"/> -HOUSING FOR THE ELDERLY	<input type="checkbox"/> -REDEVELOPMENT	<input checked="" type="checkbox"/> EXISTING
<input type="checkbox"/> -SINGLE RM OCCUPANCY	<input type="checkbox"/> -MOBILE HOME COURT	<input type="checkbox"/> -SUPPLEMENT LOAN	<input type="checkbox"/> REFINANCE
<input type="checkbox"/> -BOARD AND CARE	<input type="checkbox"/> -CAPITAL ADVANCE 202/811	<input type="checkbox"/> -GROUP HOME	

DETERMINATION OF MAXIMUM INSURABLE MORTGAGE

CRITERIA	(COL. 1)	(COL. 2)	\$ (COL. 3)
MORTGAGE OR LOAN AMOUNT REQUESTED IN APPLICATION			\$ 7,012,500
RESERVED			

AMOUNT BASED ON VALUE OR REPLACEMENT:

1 VALUE (REPLACEMENT COST) FEE SIMPLE	\$ 8,250,000	x 85%	\$ 7,012,500
2 (1) VALUE OF LEASED FEE	\$ -		
(2) GRANT/LOAN FUNDS ATTRIBUTABLE TO R.C.	\$ -		
(3) EXCESS UNUSUAL LAND IMPROVEMENT	\$ -		
(4) COST CONTAINMENT MORTGAGE DEDUCTION	\$ -		
(5) TOTAL LINES B1 TO B4	\$ -	x	\$ -

C UNPAID BALANCE OF SPECIAL ASSESSMENT

D TOTAL LINE 3B PLUS LINE 3C			\$ -
E LINE A MINUS LINE D			\$ -

\$ 7,012,500

AMOUNT BASED ON LIMITATION PER FAMILY UNIT:

A NUMBER OF NO BEDROOM UNITS	x \$ -	\$ -
NUMBER OF ONE BEDROOM UNITS	x \$ -	\$ -
NUMBER OF TWO BEDROOM UNITS	x \$ -	\$ -
NUMBER OF THREE BEDROOM UNITS	x \$ -	\$ -
NUMBER OF FOUR OR MORE BEDROOM UNITS	x \$ -	\$ -
B COST NOT ATTRIBUTABLE TO DWELLING UNITS	\$ -	x \$ 100%
C SITE NOT ATTRIBUTABLE TO DWELLING USE	\$ -	x \$ -
D TOTAL LINES A THROUGH LINE C		\$ -

E TOTAL NUMBER OF SPACES 0 x \$ -

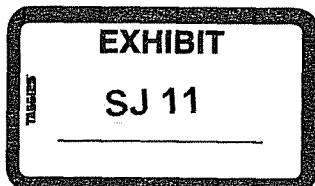
F SUM: VALUE OF LEASED FEE AND UNPAID BALANCE OF SPECIAL ASSESSMENT(S) \$ -

G LINE D OR LINE E, WHICHEVER IS APPLICABLE, MINUS LINE F \$ -

AMOUNT BASED ON DEBT SERVICE RATIO:

A MORTGAGE INTEREST RATE	7.500%
B MORTGAGE INSURANCE PREMIUM RATE	0.50%
C INITIAL CURTAIL RATE - ENTER LOAN Y	0.590911%
D SUM OF ABOVE RATES	8.590911%
E NET INCOME \$ -	\$ 949,523 x 85%
F ANNUAL GROUND RENT +ANNUAL SPEC. ASS'MT.	\$ -
G LINE 5E MINUS LINE 5F	\$ -
H LINE 5G DIVIDED BY LINE 5D	\$ 807,095
I. TAX ABATEMENT (IF ANY)	\$ 9,394,700
J. LINE H PLUS LINE I	\$ -

PAGE 1 OF 3 FORM HUD-92264-A (2/94)



HUD 0045

HUD 01859

AME OF MORTGAGOR: LINREAL CORPORATION
 ROJECT NAME: BRYLIN HOSPITALS
 OCATION: 1263 DELAWARE A
 DETERMINATION OF MAXIMUM INSURABLE MORTGAGE (CONTINUED)

PROJECT NUMBER:

CRITERIA	(COL. 1)	(COL. 2)	(COL. 3)
A. AMOUNT BASED ON ESTIMATED COST OF REHABILITATION PLUS: (I) 'AS IS' VALUE, OR (II) ACQUISITION COST OR (III) EXISTING MORTGAGE INDEBTEDNESS AGAINST THE PROPERTY BEFORE REHABILITATION:			
A TOTAL ESTIMATED DEVELOPMENT COST	\$ -		
B ESTIMATED COST OF OFF-SITE CONSTRUCTION	\$ -		
C SUM OF LINE 6A AND LINE 6B	\$ -		
D GRANT/LOAN FUNDS ATTRIBUTABLE TO R.C. ITEMS	\$ -		
E LINE 6C MINUS LINE 6D	\$ -		
F AS IS' VALUE OF PROP. BEFORE REHAB.	\$ 0	x 100.0000%	\$ -
G EXISTING MORTGAGE INDEBTEDNESS (PROP. OWNER) OR PURCHASE PRICE OF PROPERTY (TO BE ACQUIRED)	\$ -		
H LINE 6E PLUS LINE 6F	\$ -		
I. LINE 6H \$ X 100.00%	\$ -		
AMOUNT BASED ON BORROWER'S TOTAL COST OF ACQUISITION SECTION 223(f)			
A PURCHASE PRICE OF PROJECT	\$ -		
B REPAIRS AND IMPROVEMENTS, IF ANY	\$ -		
C OTHER FEES	\$ -		
D LOAN CLOSING CHARGES	\$ -		
E SUM OF LINES 7A THROUGH LINE 7D ENTER THE SUM OF ANY GRANT/LOAN AND RESERVE FOR REPLACEMENT AND MAJOR MOBILE EQUIPMENT TO BE PURCHASED AS AN ASSET OF THE PROJECT	\$ -		
G LINE 7E MINUS LINE	\$ -		
H LINE 7G \$ X 85.00%	\$ -		
3. AMOUNT BASED ON SUM OF UNIT MORTGAGE AMOUNTS			
4. AMOUNT BASED ON ESTIMATED COST TO BORROWER:			
A TOTAL ESTIMATED COST (EXCL. OF SITE & REQUIRED CONST. OFF THE SITE)	\$ -		
B PURCHASE PRICE OF SITE	\$ -		
C TOTAL COST OF CLEARING SITE, IF ANY	\$ -		
D EXPENSE OF RELOCATING OCCUPANTS, IF ANY	\$ -		
E COST OF OFF-SITE CONSTRUCTION, IF ANY	\$ -		
F SUM OF LINES 9A THROUGH 9E	\$ -		
G LINE 9F \$ X 100.0000%	\$ -		
10. AMOUNT BASED ON EXISTING INDEBTEDNESS, REPAIRS & LOAN CLOSING CHARGES SECTION 223(f)			
A TOTAL EXISTING INDEBTEDNESS	\$ 5,746,546		
B REQUIRED REPAIRS	\$ 326,417		
C OTHER FEES	\$ 3,284		
D LOAN CLOSING CHARGES	\$ 998,173		
E SUM OF LINES 10A THROUGH LINE 10D	\$ 7,076,420		
F ENTER THE SUM OF ANY GRANT/LOAN & RESERVE FOR REPLACEMENT AND MAJOR MOBILE EQUIPMENT ON DEPOSIT	\$ 7,076,420		
G LINE 10E MINUS LINE 10F	\$ -		
H 70% OF VALUE	\$ 0 X 70%		
I. GREATER OF LINE 10G OR LINE 10H	\$ 7,076,400		
* ATTACH FORMAT FOR COMPUTING LOAN CLOSING CHARGES. MAXIMUM INSURABLE MORTGAGE (LOWEST OF THE FORGOING CRITERIA)			

NAME OF MORTGAGOR: LINREAL CORPORATION
 PROJECT NAME: BRYLIN HOSPITALS
 ADDRESS: 1263 DELAWARE A
 AL REQUIREMENTS FOR SETTLEMENT

PROJECT NUMBER:

Ann A

FEES NOT TO BE PAID IN CASH:

A BSPRA/SPRA \$ -

BUILDERS PROFIT \$ -

OTHER: \$ -

TOTAL (ENTER IN PART B ON LINE 5) \$ -

COMMITMENT, MKTG., GNMA \$ -

A FEES: \$ -

OTHER: PERMANENT LOAN \$ -

B DISCOUNTS: CONSTRUCTION LOAN \$ -

DEBT SVC. RESERVE (BOARD & CARE) \$ -

C ESCROWS: \$ -

OTHER: \$ -

TOTAL (ENTER IN PART B ON LINE 9) \$ -

WORKING CAPITAL: \$ -

A WORKING CAPITAL \$ -

B MINIMUM CAPITAL INVESTMENT (SEC. 202/811) \$ -

C NON-REALTY ITEMS NOT INCLUDED IN MORTGAGE \$ -

TOTAL (ENTER IN PART B ON LINE 10) \$ -

PART B

1. a. Existing Debt & Loan Closing Cos	6,744,936
b. Adjustment for Contracted Amounts in Excess of form HUD 92264 Estimates	
(1) CONSTRUCTION CONTRACT	\$ -
(2) ARCHITECT'S CONTRACT	\$ -
(3) OTHER	\$ -
c. TOTAL OF LINES a.& b	\$ 6,744,936
2. REQUIRED REPAIRS	\$ 328,417 411,728
3. SUBTOTAL (LINES 1c + 2)	\$ 7,072,353 7,186,664
4. A. MORTGAGE AMOUNT	\$ 7,012,500
B. GRANT/LOAN	\$ -
5. FEES NOT TO BE PAID IN CAS	\$ -
6. SUBTOTAL (LINES 4A + 4B + 5)	\$ 7,012,500
7. CASH INVESTMENT REQUIRED (LINE 3 MIN)	\$ 60,859
8. INITIAL OPERATING DEFICIT *	\$ 0
9. COMMITMENT, MARKETING FEES DISCOUNT AND ESCROWS	\$ -
10. WORKING CAPITAL-REPAIRS	\$ 137,243
11. OFF-SITE CONSTRUCTION & DEMOLITION C (\$ + \$)	\$ -
12. TOTAL ESTIMATED CASH REQUIREMENT (SUM OF LINES 7 + 8 + 9 + 10 + 11)	\$ 198,096
FRONT MONEY ESCROW, IF ANY (SUBTRACT LINE 6 FROM LINE 1)	\$ 281,407

NOTE: FOR SECTION 223(f) CASES, ATTACH THE FORMAT FOR COMPUTING THE OPERATING DEFICIT.

II: SOURCE OF FUNDS TO MEET CASH REQUIREMENT / MORTGAGE CREDIT NOTES

OURCE:	AMOUNT
SPONSOR PLUS PREPAID TRANSACTION COSTS	\$ 198,096
	\$ -
	\$ -
	\$ -
	\$ -
TOTAL AVAILABLE CASH FOR PROJECT	\$ 198,096

MORTGAGE CREDIT PROCESSING NOTES:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

V: RECOMMENDATION, REQUIREMENTS AND REMARKS

LOAN CLOSING CHARGES BASED ON MORTGAGE AMOUNT:

FINANCING FEE	140,250
MIP	70,125
EXAM FEE	21,038
PLACEMENT FEE	105,188
LEGAL & ORG	58,350
IDRR	550,000
TITLE & RECORDING	50,156
TOTAL	995,106

Mortgage Recommendation

 RECOMMEND APPROVAL; SUBJECT TO CONDITIONS STATED IN ADDENDUM, IF ANY.

HUD 0047

 RECOMMEND REJECTION FOR REASONS STATED IN ADDENDUM.

SIGNATURE OF THE MORTGAGE CREDIT EXAMINER:

X

Diane Kosinski

DATE:

4-23-01

TO COMPUTE FEES IN A REFINANCING TRANSACTION

Step 1. Add the known dollar amounts for:

A. Existing Indebtedness.	5,746,546
B. Repairs	328,417
C. Initial Deposit to Reserve for Replacement	550,000
D. Legal	30,000
E. Organizational	28,350
F. Title and Recording	50,156
G. Other Fees (Arch, Inspection, Engineering) (HUD)	3,284 ✓
H. FNMA Fee (MBS)	0
Total	<u>6,736,753</u>

Step 2. Deduct the amounts of any Replacement Reserve Escrow currently on deposit with the mortgagee

Result 0

Step 3. Add the known percentages for:

A. Financing Fee (Initial Service Charge)	2.0%
B. MIP	1.0%
C. Exam Fee	0.3%
D. FNMA Fee	1.5%
E. Discounts, if Allowable	0.0%
Total	<u>4.8%</u>

Step 4. Subtract the sum from Step 3 from 100%

95.2%

Step 5. Divide the sum from Step 2 by the result from Step 4. The quotient rounded down to the nearest hundred becomes the mortgage amount.

7,076,400

Step 6. Compute and total the actual fees based on the mortgage amount determined in Step 5.

A. Financing Fee	141,528
B. MIP	70,764 (70,125)
C. Exam Fee	21,229
D. FNMA FEE	106,146 (105,677)
E. Discounts	0
Total	<u>339,667</u>

Step 7. Add to the sum from Step 6, the following:

A. Legal & Organizational	30,000+28,350	58,350
B. Initial Deposit to Reserve for Replacement		550,000 ✓
C. Title and Recording		50,156
D. FNMA Fee		0
Total		<u>998,173</u>

Organization:

Frandina	6,750 ✓	Debt:	Key	3,750,000
GAR	15,000 ✓		Heller	1,350,000
Phase I	1,500 ✓		Taxes	460,936
LBP	600		Charter	61,779
Survey	4,500		Misc	123,831
	28,350			5,746,546

HUD 0048

Memorandum

Date: February 23, 2001
To: Credit File - Brylin
From: Mehdi Maida
Re: Meeting with Brylin
Attendants: Eric Pleskow, Sybil Potts and Karen Manny
Michael Gardullo, Andrew Moore and Mehdi Maida

Brylin came to discuss refinancing alternatives, the loan balance, the Medicaid advance rate and the maturity of the loan.

According to the Brylin executives, the company is pursuing the HUD refinancing under the Maps Program, which has a turnaround of 60 days. Karen Manny is very confident that Brylin will get an answer within 30 days.

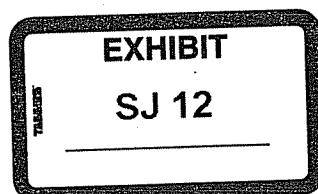
Brylin applied for a \$7MM line with HUD. Out of that amount, Brylin has the HHF line listed as \$1.350MM, which is approximately \$300M higher than the actual outstanding balance. Brylin requested their line with HHF to be increased to \$1.350MM at least the day before closing so HUD will cover the full amount. This would generate extra cash flow for Brylin to pay the closing fees as well as other vendors. Michael Gardullo stated that as long as we are comfortable that the deal will close, we would consider funding up to \$1.350MM. The money would most likely be sent to an escrow account. HHF will need a statement of sources and uses of funds before committing to any deal with Brylin.

HUD also requested that Brylin performs some critical repairs before closing the deal. Some of the repairs include the insulation in the ceilings and the fire alarm system.

If the HUD deal closes, Brylin will consider using a new billing system. The company will assess to see if it is in its best interest. Regarding the lockbox, it will be kept open since it is in Brylin's name. This would be more beneficial for the company since no delays in payments will occur.

Brylin is considering some other refinancing alternatives. The company has been in touch with some potential lenders such as "Ask Funding", HBCC, Freed Maxick and "Beyond Real Estate". So far Brylin is relying more on the HUD deal since they have been getting good feedback.

Regarding the low balance, Brylin stated that it is mainly due to the increasing collections and amortization payments. Michael Gardullo made it clear that collections helped decrease the balance, yet it is also due to a lower census during the last few months.



GE-0090

HUD 00171

In order to help Brylin with the tight cash flow, Michael Gardullo offered to increase the fund-back from 50% to 100% for all the collections that cover dates of service older than 120 days. HHF was applying 50% of those collections to the batches. Brylin also requested to have an increase in its Medicaid advance rate from 71% to 80%. Michael Gardullo will look into it and give Brylin an answer in the near future.

Since the HUD refinancing will not occur until March at the earliest, HHF will be forced to extend the Brylin line until all the refinancing arrangements are finalized. The Brylin loan is scheduled to mature in March 2001.

GE-0091

HUD 00172

TRANSCRIPT OF PROCEEDINGS

In the Matter of:)
)
UNITED STATES OF AMERICA,)
)
Plaintiff,)
) Docket No.:
v.) 08-CV00333-07C
)
ROBERT P. CORP,)
)
Defendant.)

Deposition of: Jeffrey P. Hoffman

Pages: 1 through 39

Place: Washington, D.C.

Date: March 12, 2009

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(202) 628-4888

contracts@hrccourtreporters.com

EXHIBIT

SJ 13

1 and discuss that earlier subject.

2 Can you think of any reason that you can't
3 give truthful testimony today?

4 A No reason.

5 Q Okay. Mr. Hoffman, are you here on behalf
6 of Heller Healthcare Finance?

7 A Correct.

8 Q Okay. And can you tell me what the
9 relationship is between GE Healthcare Finance and
10 Heller Healthcare Finance?

11 A GE purchased the assets of Heller a number
12 of years ago, and the entities were merged into GE.

13 Q Does Heller exist anymore?

14 A It does not.

15 MR. YOUNG: I'll show you what we'll mark
16 for identification as Exhibit 88.

17 (The document referred to was
18 marked for identification as
19 Plaintiff's Exhibit No. 88.)

20 MR. YOUNG: We're starting with 88. It's
21 the notice of deposition on GE Healthcare Finance
22 Service, Inc. I'm sorry, but I only have one copy
23 with me right now. I'll read it to you.

24 It specifies the matter which you've been
25 called to testify about, and the following subject

Heritage Reporting Corporation
(202) 628-4888

1 matter in this deposition is: "The amount of
2 indebtedness owed by BryLin Hospitals, defined to
3 include any or all of BryLin Hospitals, Inc.; Linreal
4 Corporation; and Eric D. Pleskow to Heller Healthcare
5 Finance, Inc., formerly known as 'HCFP Funding, Inc.,'
6 at all times during the period between January 1,
7 2001, through June 5, 2001."

8 BY MR. YOUNG:

9 Q Mr. Hoffman, are you prepared to give
10 testimony on behalf of GE on this topic today?

11 A Yes.

12 Q Mr. Hoffman, are you familiar with an entity
13 called BryLin Hospital?

14 A I am.

15 Q How did you become familiar with that
16 entity?

17 A I worked at Heller Healthcare and HCFP and
18 knew the name, that it was one of our borrowers.

19 Q Were you involved with a loan, a HUD-insured
20 loan, for BryLin Hospitals?

21 A I was not.

22 Q Did Heller and BryLin have a financial
23 relationship during calendar year 2001?

24 A They did.

25 Q Could you describe your understanding of

1 30(b)(6) notice was limited. We do have a witness
2 here who is more familiar with the transaction.

3 I'm not going to instruct the witness not to
4 answer. I'm just going to note for the record that
5 it's beyond the 30(b)(6) notice.

6 MR. YOUNG: I understand that.

7 Mr. Gordin, are you saying that Mr. Gardullo
8 is more familiar with --

9 MR. GORDIN: Yes.

10 MR. YOUNG: Okay. We can move on then.

11 BY MR. YOUNG:

12 Q Mr. Hoffman, are you familiar with BryLin's
13 indebtedness to Heller during the first six months of
14 2001?

15 A Yes. I've seen schedules that show the
16 balances at various dates.

17 Q Can you describe what those schedules are?

18 A They were either reports generated by our
19 system or other correspondence.

20 Q From January of 2001 until June of 2001 or
21 through June of 2001, was BryLin's indebtedness to
22 Heller increasing or decreasing?

23 A The general trend was that it was
24 decreasing.

25 MR. YOUNG: I'll show you what we'll mark

1 for identification as Exhibit 89. It's a document
2 with --

3 THE COURT REPORTER: The other one was 89.

4 MR. YOUNG: I'm sorry. We'll mark it for
5 identification as Exhibit 90. It's a document with
6 Bates range HUD-00171 through HUD-00172, and it also
7 has GE Bates Nos. 0090 through GE-0091.

8 (The document referred to was
9 marked for identification as
10 Plaintiff's Exhibit No. 90.)

11 THE WITNESS: I'm familiar with this
12 document.

13 BY MR. YOUNG:

14 Q All right. Can I direct your attention to
15 the top of the third paragraph? I'll quote the
16 language to you, and then I'll ask you about it.

17 It says: "BryLin applied for a \$7 million
18 line with HUD. Of that amount, BryLin has the HHF
19 line listed as \$1.350 million, which is approximately
20 300 higher than the outstanding balance. BryLin
21 requests that their line with HHF to be increased to
22 \$1.35 million at least the day before the closing."

23 Do you have any knowledge about what
24 BryLin's indebtedness was to Heller as of February 23,
25 2001?

1 A I don't have an exact number. In the
2 correspondence that I've seen and in the records that
3 I've seen, on a schedule, there is an amount as of
4 February 15, but I'm not sure that I've seen anything
5 with that exact date.

6 Q Okay. Does the language that I quoted to
7 you comport with your understanding of BryLin's
8 indebtedness to Heller in February of 2001?

9 A It does.

10 Q And you referenced a schedule?

11 A Right.

12 Q Do you have that schedule with you?

13 A No.

14 MR. GORDIN: We didn't bring any documents
15 other than the one that I distributed prior to the
16 deposition today.

17 BY MR. YOUNG:

18 Q Mr. Hoffman, the schedule you referenced,
19 where is that schedule?

20 A I think it may be back in our office.

21 Q Is that something you would be able to
22 generate?

23 A Yes.

24 Q Okay. And how long would it take you to
25 generate that?

1 Mr. Hoffman, do you understand BryLin's
2 indebtedness to Heller to be \$860,436.05 on March 14,
3 2001?

4 A Based on this letter, I would believe that
5 to be the case.

6 Q All right. Does this letter comport with
7 your understanding of BryLin's indebtedness to Heller?

8 A It does.

9 MR. YOUNG: I'll show you what we'll mark
10 for identification as Exhibit 92. It's a document
11 with HUD Bates range HUD-00177 through HUD-00182, and
12 it also has GE-0093 through GE-0098.

13 (The document referred to was
14 marked for identification as
15 Plaintiff's Exhibit No. 92.)

16 BY MR. YOUNG:

17 Q Mr. Hoffman, have you seen this document
18 before?

19 A I've seen this document.

20 Q What is this document?

21 A It's a draft payoff letter dated May 23,
22 2001.

23 Q Did you play any role in the creation of
24 this document?

25 A T did not

1 Q Can I direct your attention to page HUD-
2 00179?

3 A Yes.

4 Q I'll go to the second full paragraph, which
5 says: "The payoff amount is approximately
6 \$643,247.51."

7 Mr. Hoffman, can you tell us what this
8 number represents, the \$643,000 figure?

9 A It would represent the amount that Heller
10 would have needed to be paid off in full.

11 Q As of what date?

12 A As of May 23, 2001.

13 Q Do you know how this number was generated
14 and put into this document?

15 A Per the procedures that we had at the time,
16 we would have run a balance from our system,
17 calculated any fees or amounts due, added that
18 together and come up with a balance.

19 Q And when you say "your system," can you
20 describe what that means?

21 A We had an accounting system at the time
22 called "RTS" that we would book the A.R. purchase
23 activity to.

24 Q Is it your understanding that the language
25 in the second paragraph or the number in the second

1 paragraph on page HUD-00179 is accurate?

2 A Yes.

3 Q In other words, does this document
4 accurately represent BryLin's indebtedness to Heller
5 as of the date of this document?

6 A Yes.

7 (Pause.)

8 MR. YOUNG: I'll show you what we'll mark
9 for identification as Exhibit 93. It's a letter dated
10 May 30, 2001, and it has HUD Bates range 00185 through
11 00188 and GE Bates range GE-0002 through 0005.

12 (The document referred to was
13 marked for identification as
14 Plaintiff's Exhibit No. 93.)

15 BY MR. YOUNG:

16 Q Mr. Hoffman, have you seen this document
17 before?

18 A I have.

19 Q When did you first see this document?

20 A I saw it in preparation for this deposition.

21 Q What is this document?

22 A It looks like a payoff letter with
23 additional language in it to allow for additional
24 purchases under the receiver purchase agreement.

Q What does the term "payoff letter" mean?

1 A "Payoff letter" means a letter that
2 describes the amount and the procedure for paying off
3 a loan or a financial arrangement.

4 Q Did you play any role in generating this?

5 A I did not.

6 Q I'll direct your attention to the first
7 paragraph of the letter. I'll read half the sentence.
8 The last sentence says: "... and permit Seller to
9 repurchase all outstanding receivables purchased by
10 Purchaser from Seller is \$604,378.51 as of May 30,
11 2001."

12 What does that \$604,000 figure represent?

13 A It represented the amount that the seller
14 would have to pay back to Heller to fully repay the
15 indebtedness.

16 Q And who is the seller in this case?

17 A The seller is BryLin.

18 Q And when it says "Purchaser," who is the
19 purchaser?

20 A The purchaser would have been Heller.

21 Q Does this letter comport with your
22 understanding of BryLin's indebtedness to Heller as of
23 May 30, 2001?

24 MR. GORDIN: Objection to form.

25 MR. YOUNG: You can answer.

1 THE WITNESS: It does.

2 BY MR. YOUNG:

3 Q Okay. Does this letter or this document
4 accurately represent BryLin's indebtedness to Heller
5 as of May 30, 2001?

6 MR. NUGENT: Objection to form.

7 THE WITNESS: It does.

8 BY MR. YOUNG:

9 Q And do you know how this \$600,000 figure
10 would have been generated or arrived at?

11 A I do. It would have been generated by
12 printing out reports or reviewing reports from our
13 system, the RTS system, that tracks the balances on
14 all of the customers that we have.

15 Q Okay. Mr. Hoffman, we've talked about a
16 number of documents today which represent BryLin's
17 indebtedness to Heller. One was dated February 23,
18 2001; one was dated March 14, 2001, and one was
19 May 30, 2001. During this time period, the first six
20 months of 2001, was BryLin's indebtedness to Heller
21 increasing or decreasing?

22 MR. NUGENT: Objection to form.

23 THE WITNESS: If you take the period of the
24 six months ended through May 30, 2001, the balances
25 would have been decreasing.

1 the amount owed by BryLin as of two separate dates.

2 Q Did you generate this document?

3 A I did not.

4 Q Do you know how it was generated?

5 A It would have been generated by going
6 through our system as of the various dates and
7 printing out the balances due, and then we would have
8 also looked for other fees that we were owed, totaled
9 that up and come up with a total.

10 Q I'd like to start with the first half of the
11 page, which says, "Payoff as of June 4, 2001." That's
12 the top part of the page.

13 A Right.

14 Q I'll go to the bottom where it says, "Total,
15 \$554,991.96."

16 A I see that.

17 Q What does that figure represent?

18 A That represents the total amount of
19 indebtedness owed by BryLin to Heller as of June 4.

20 Q Can you tell me, it says, "BryLin batch
21 total." What does that mean?

22 A We would batch together claims, or BryLin or
23 our customers would batch together claims, and the
24 total of those claims would be in this case the
25 \$261,000. We had various ways of tracking the claims